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JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

October 31, 2017

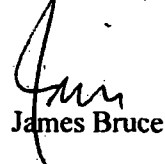
Case 15890

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Matador Production Company, is an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the November 30, 2017 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Matador Production Company

Parties Being Pooled

| | | |
|---|-------------------------------|-------------------------|
| Santo Petroleum LLC | 1200 Smith Street, Suite 690 | Houston, TX 77002 |
| OneEnergy Partners Operating, LLC | 2929 Allen Parkway, Suite 200 | Houston, TX 77019 |
| Energex, LLC | 4425 98th St., Suite 200 | Lubbock, TX 79424 |
| Ryan Moore, Trustee of the Ryan Moore SSMTT Nonexempt Trust as revised and restated on December 22, 2008 | P.O. Box 471458, | Fort Worth, Texas 76147 |
| Ryan Moore, Trustee of the Ryan Moore SSMTT GST Exempt Trust as revised and restated on December 22, 2008 | P.O. Box 471458, | Fort Worth, Texas 76147 |

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

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Case No. 15890

APPLICATION

Matador Production Company applies for an order (i) approving a 160 acre non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 17, Township 25 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an operator in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill the Leslie Fed. Com. Well No. 217H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 17 to the well in the Wolfcamp formation to form a non-standard 160 acre oil spacing and proration unit (project area). The well is a horizontal well, with a surface location 300 feet from the south line and 2085 feet from the east line, and a terminus 240 feet from the north line and 2130 feet from the east line, of Section 17.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 17 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

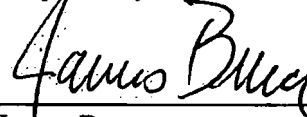
Therefore, applicant seeks an order pooling all mineral interest owners in the W½E½ of Section 17, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the W½E½ of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Wolfcamp formation in the W½E½ of Section 17;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the W½E½ of Section 17;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Matador Production Company

PROPOSED ADVERTISEMENT

Case No. 15890:

Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2E/2 of Section 17, Township 25 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the Leslie Fed. Com. Well No. 217H, a horizontal well with a surface location in SW/4SE/4, and a terminus in NW/4NE/4, of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 11 miles west-northwest of Jal, New Mexico.

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